

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

3 SECURITIES AND EXCHANGE)
4 COMMISSION,)

5 Plaintiff,)

6 v.)

Civil Action
No. 07 CV 11387

7 BRIAN N. LINES; SCOTT G.S.)
8 LINES; LOM (HOLDINGS) LTD.;)
9 LINES OVERSEAS MANAGEMENT)
10 LTD.; LOM CAPITAL LTD.;)
11 LOM SECURITIES (BERMUDA))
12 LTD.; LOM SECURITIES (CAYMAN))
13 LTD.; LOM SECURITIES)
14 (BAHAMAS) LTD.; ANTHONY W.)
15 WILE; WAYNE E. WILE; ROBERT)
16 J. CHAPMAN; WILLIAM TODD)
17 PEEVER; PHILLIP JAMES CURTIS)
18 AND RYAN G. LEEDS,)

19 Defendants.)
20 _____)

21 Videotaped Deposition of JOHN COOPER,
22 VOLUME 1, taken by the Defendants at Blake, Cassels &
23 Graydon, Suite 2600, Three Bentall Centre, 595
24 Burrard Street, Vancouver, British Columbia, Canada,
25 commencing at 12:09 p.m., on August 19, 2009, before
LISA C. HANSEN, Official Court Reporter, pursuant to
notice.

A P P E A R A N C E S

FOR THE PLAINTIFF:

UNITED STATES SECURITIES AND EXCHANGE
COMMISSION

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BY: DEREK T. HO, Attorney at Law

FOR THE WITNESS:

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BY: ROBERT E. BREIVIK,

Barrister and Solicitor

ALSO PRESENT: PHILIP WHITFORD, Videographer

merger. The role, as I understood it, of Lines Overseas Management was to ask -- act as an investment advisor, investment banker during this transaction.

Q Okay. Now, you mentioned that this -- that the agreement is signed by yourself and purportedly also signed by Mr. Tony Wile, but you mentioned that it's on the letterhead of attorneys in Florida, the law firm Newman, Pollock & Klein, and it appears to be signed by Mr. Klein, attorney Jeffrey G. Klein. Do you know what their role was, the attorneys?

A I'd assume that this is Wile's signature? Do you read Klein out of that?

Q No, just above, I think, might be Mr. Klein's signature.

A It says Renaissance Mining Corp.

Q Yeah, but if you just -- just go a little bit higher.

A Oh, oh, I see, I see, yeah.

Q Just a little bit higher on the page.

A Yeah. I had -- I had talked to him on the phone, you know, maybe once or twice.

Q Attorney Jeffrey Klein?

A I believe that is his ...

Q Do you know what role Attorney Klein and his firm, Newman, Pollock & Klein, played in the transaction?

13:26:32 1 A Well, they represented Renaissance Mining, as far as
13:26:36 2 I know.
13:26:36 3 Q Okay. So they were the lawyers for Renaissance is
13:26:39 4 your understanding?
13:26:40 5 A That's my understanding.
13:26:42 6 Q Now, we have this letter of intent that we've been
13:26:49 7 looking at, Exhibit 28, concerning the merger of
13:26:53 8 Sedona and Renaissance, the reverse takeover, the
13:26:57 9 RTO, but my question is, as of this time, it's dated
13:27:01 10 January 14, '03, with the closing having already
13:27:06 11 taken place and your having already delivered the
13:27:09 12 certificates and the corporate books and records and
13:27:11 13 having resigned, as you'd indicated earlier, was
13:27:15 14 there really any doubt that there would be a merger
13:27:18 15 between Renaissance and Sedona?
13:27:22 16 A No, no.
13:27:23 17 Q All parties involved favoured it?
13:27:28 18 A Oh, yes, yeah.
13:27:29 19 Q And the attorneys were working to get it done?
13:27:32 20 A Yes. Now, you know, January the 14th, I -- you know,
13:27:39 21 I'm not -- I'm not sure when -- when we closed the
13:27:41 22 deal and I resigned. I -- you know, I can't be sure
13:27:45 23 of that.
13:27:47 24 Q Just to -- just to give you a frame of reference just
13:27:53 25 to maybe help with some of the questions that I'm

13:27:56 1 asking, if you could look back at your February 2003
13:28:00 2 statement to the SEC, which we've marked as
13:28:03 3 Exhibit 26, and just take a moment to look at pages
13:28:06 4 102 and 103 and see if that refreshes your
13:28:09 5 recollection as to when the closing was. And that
13:28:12 6 might help you put things in sequence. It's been
13:28:16 7 some time, I know. And specifically if you could
13:28:26 8 look at page 102?

13:28:31 9 A M'mm-hmm.

13:28:31 10 Q At lines 23 to 25, where it says --

13:28:33 11 A Oh, yes.

13:28:34 12 Q "So on January 2nd you are saying that the
13:28:37 13 transaction between Sedona and Lines closed?

13:28:37 14 A The 3rd."

13:28:43 15 And then question at the top of the next page:

13:28:45 16 "January 2nd or 3rd. Okay.

13:28:48 17 A 3rd. That's when everybody agreed that
13:28:50 18 this was a done deal."

13:28:52 19 So does that refresh your recollection that that's
13:28:54 20 approximately the closing date?

13:28:56 21 A Yes, that -- that would -- that would certainly be
13:29:00 22 it, then.

13:29:00 23 Q Okay.

13:29:01 24 A Why this is dated January the 14th, I don't know.

13:29:03 25 Q Okay.

14:50:53 1 A Well, you know, once again, these -- these look like
14:50:57 2 closing documents, and whether I created them or my
14:51:02 3 assistant created them, I don't have a specific
14:51:05 4 recollection, but I --
14:51:08 5 Q Are these documents consistent with the transaction
14:51:11 6 involving the sale of the Renaissance shares -- I
14:51:14 7 mean, the Sedona shares?
14:51:16 8 MR. HO: Object to form.
14:51:17 9 THE WITNESS: Generally -- generally speaking, you know, without
14:51:22 10 studying them -- well, let's see. There's -- money
14:51:32 11 went to Sloan.
14:51:34 12 MR. WILLIAMS:
14:51:34 13 Q Who is Sloan?
14:51:35 14 A That's the gentleman from -- the partner of Proskauer
14:51:38 15 Rose who turned up with no money.
14:51:41 16 Q Okay. And so why were you paying --
14:51:43 17 A Because --
14:51:45 18 Q Why was money being paid to him?
14:51:47 19 A Because at the time I left the shares with him, he
14:51:50 20 agreed to pay me something like \$50,000 on good faith
14:51:59 21 of the closing price. He later disclosed that he
14:52:04 22 couldn't raise the money and he wanted his \$50,000
14:52:08 23 back. And unless I gave him his \$50,000 back, he
14:52:13 24 wasn't going to give me my certs. He was what we
14:52:17 25 call in the business a swine.

14:52:20 1 Q Okay.

14:52:21 2 A Now --

14:52:21 3 Q So Mr. --

14:52:22 4 A -- eventually -- eventually we -- or I settled with

14:52:27 5 him for 40,000 bucks back.

14:52:30 6 Q So Mr. Sloan already had the shares of Sedona that

14:52:34 7 were a part of a reverse merger transaction?

14:52:37 8 A I -- I believe that he released them to one of my

14:52:41 9 lawyers acting in Vancouver on the undertaking that,

14:52:45 10 yeah, he would get paid this \$40,000, and when he got

14:52:49 11 the \$40,000, he would release the shares.

14:52:52 12 Q So as a part of the reverse merger that was involving

14:52:56 13 Sloan, the shareholders at Sedona had already agreed

14:53:01 14 to dispose of their interest in the stock prior to

14:53:06 15 the LOM-related merger?

14:53:08 16 A They had agreed to dispose of their stock --

14:53:14 17 MR. SMITH: Objection.

14:53:15 18 THE WITNESS: -- early in the year. Sloan was the second time

14:53:18 19 around. LOM was the third time around. Remember, I

14:53:20 20 failed on the first one; I failed on the second one.

14:53:24 21 MR. WILLIAMS:

14:53:24 22 Q That's right. With respect to the first one, you

14:53:27 23 indicated that -- that the party involved in the

14:53:30 24 first one had paid a substantial deposit. Do you

14:53:34 25 recall that testimony?

14:53:35 1 A Yes.

14:53:36 2 Q And was that deposit in the neighbourhood of

14:53:39 3 \$180,000, do you recall?

14:53:41 4 A That -- certainly it was over a hundred thousand

14:53:45 5 dollars I think is my testimony. It might have been

14:53:50 6 180. You're probably more familiar with the numbers

14:53:52 7 than I am because I have not reviewed a lot of this

14:53:55 8 stuff. But it could have been 180.

14:53:58 9 Q And you indicated that that money was eventually paid

14:54:02 10 back to -- to them?

14:54:03 11 A Most of it or all of it. I mean, you know, other

14:54:06 12 than -- other than what I could -- could negotiate

14:54:08 13 out of it.

14:54:12 14 Q Okay. Approximately a hundred thousand was paid

14:54:14 15 back. Does that sound right?

14:54:16 16 A No, no, no, I think it was -- I don't know. You

14:54:19 17 know, I can't recall. Basically a -- a settlement --

14:54:29 18 notwithstanding that the deal failed and it was none

14:54:34 19 of our fault, a settlement had -- had to be reached

14:54:35 20 for obvious reasons.

14:54:36 21 Q And who negotiated the settlement?

14:54:39 22 A I did.

14:54:40 23 Q And when you were able to -- well, let me just -- you

14:54:52 24 indicated you don't recall how much money exactly was

14:54:55 25 paid out -- paid back. Let me ask you to take a look

15:07:34 1 that allows me to characterize what happened, and so
15:07:39 2 I'm trying to get from you what it is that happened,
15:07:39 3 and I hear you saying, well, I had authorization to
15:07:42 4 act on behalf of my shareholders. I understand
15:07:45 5 that's -- that's your position. What I'm trying to
15:07:47 6 get to is, in terms of the actual conversations and
15:07:53 7 back and forth between party -- between individuals,
15:07:56 8 between people, that the back and forth was between
15:07:59 9 you and Brian Lines however -- whatever labels that
15:08:02 10 might or might not attach to those interactions. Is
15:08:06 11 that -- that's all I'm trying to get to.

15:08:09 12 A Well, you know, I think I've made that -- that fairly
15:08:13 13 clear, but I object to you throwing in this notion
15:08:17 14 that I negotiated something. I did not negotiate
15:08:20 15 anything. I was simply acting on the instructions of
15:08:22 16 my shareholders. It's pretty simple.

15:08:25 17 Q So from your perspective, was there any -- was there
15:08:28 18 any one individual who negotiated this transaction?

15:08:34 19 A Excuse me?

15:08:35 20 Q From your perspective, was there any individual who
15:08:38 21 negotiated this transaction?

15:08:39 22 A No no, drop that word from your lexicon, I'm not
15:08:44 23 going to rise to it.

15:08:45 24 Q Because you object to the term "negotiate"?

15:08:48 25 A Yes, yes, because -- because I -- I have a -- you

15:08:52 1 know, I have a -- a history of talking with chaps
15:08:55 2 from the SEC. I went down to Washington to solve a
15:08:59 3 problem that was solvable and it turned out not to be
15:09:02 4 solvable, so I'm -- you know, I'm a little
15:09:07 5 sensitive --
15:09:07 6 Q Fair enough.
15:09:09 7 A -- to -- to the way things get manipulated.
15:09:13 8 MR. WILLIAMS: I'm going to ask the court reporter to label another
15:09:16 9 document as Exhibit number 34 -- 35. I'm sorry.
15:32:35 10 (EXHIBIT 35 WAS MARKED FOR IDENTIFICATION)
15:09:34 11 MR. WILLIAMS:
15:09:34 12 Q I'll represent to you that Exhibit Number 35 is a
15:09:37 13 multiple-page document, Bates number SEC18735 through
15:09:44 14 SEC18821.
15:10:08 15 MR. HO: Just for the record, the document is double-sided, unlike
15:10:11 16 some of the others.
15:10:47 17 MR. WILLIAMS:
15:10:48 18 Q Have you had a chance to look at the document,
15:10:51 19 Mr. Cooper?
15:10:51 20 A Briefly.
15:10:52 21 Q I'm going to ask you to turn to one of what appear to
15:11:02 22 be attached documents that are within the body of
15:11:07 23 this larger exhibit, and, in particular, I'm going to
15:11:11 24 ask you to turn to page SEC18762.
15:11:21 25 A Okay.

15:11:24 1 Q It appears to be an April 14th, 2003 letter, on the
15:11:30 2 letterhead of John E. Cooper. Is that your signature
15:11:32 3 at the bottom of the page, sir?

15:11:34 4 A Yes.

15:11:34 5 Q Okay. Why did you sign this document?

15:11:37 6 A Excuse me?

15:11:37 7 Q Why did you sign this document?

15:11:39 8 A Why did I sign it?

15:11:41 9 Q Yes, sir.

15:11:41 10 A This -- this document was signed on April the 14th
15:12:38 11 at, as I recall, probably at the closing. It is at
15:12:43 12 least 90 days after when the closing occurred, and
15:12:51 13 part of the closing arrangement was that some of
15:13:01 14 those shares represented by 265,000 shares would
15:13:04 15 become free trading. This is the same -- this is the
15:13:08 16 follow-up to the same document we discussed earlier.
15:13:12 17 Some of the affiliate shares would be cancelled;
15:13:16 18 others would not be.

15:13:17 19 Q Okay. But this document wasn't really signed on
15:13:19 20 April 14th, 2003, was it, sir?

15:13:22 21 A No.

15:13:22 22 Q When was it signed?

15:13:24 23 A Probably on January the 3rd, or at the time of the
15:13:31 24 closing.

15:13:31 25 Q At the time or shortly before the closing?

15:13:34 1 A Pardon?

15:13:34 2 Q At the time or shortly before the closing?

15:13:37 3 A Either way.

15:13:38 4 Q Okay. And so what was the purpose of signing this

15:13:40 5 document at the time of closing?

15:13:42 6 A Because -- because the agreement would be made

15:13:53 7 that -- the agreement was made to -- to sell those

15:13:58 8 shares 90 days after the closing of the document --

15:14:04 9 Q And --

15:14:05 10 A -- or excuse me, the closing of the transaction.

15:14:08 11 Q And why was the agreement made to wait 90 days? What

15:14:12 12 was the point of doing that?

15:14:14 13 A Because my understanding of the law -- and once again

15:14:16 14 you're asking me a legal question, I'll give you a

15:14:19 15 layman's answer -- my understanding is that 90 days

15:14:22 16 after I cease to be a director, those shares would be

15:14:26 17 free trading as they represented a -- a block of

15:14:30 18 shares that was certainly less than 5 percent of the

15:14:36 19 issued and outstanding.

15:14:37 20 Q Okay. But you actually agreed to sell the shares at

15:14:40 21 the time of closing?

15:14:41 22 A Yes. It was simply a futures contract, or a futures

15:14:48 23 agreement.

15:14:49 24 Q I understand. And let me ask you to turn to

15:15:09 25 page SEC18790. I'll ask you to look at a document

15:38:29 1 off in the agreement. That's probably what that's
15:38:34 2 all about, and I reminded Lines to be sure to get
15:38:39 3 that done.

15:38:39 4 Q And what makes you think that it would have been
15:38:41 5 important to you to have the name of the purchaser?
15:38:44 6 Why would that be important to you?

15:38:46 7 A Because I was -- I was concerned that the SEC might
15:38:52 8 come through the door and say that these shares were
15:38:57 9 mine and that they were affiliate shares and that
15:39:00 10 they weren't free trading, as you inquire -- as you
15:39:06 11 recall from the initial allegations that were made to
15:39:08 12 me based on my testimony to the SEC in DC. In other
15:39:14 13 words, you were kind enough to take the information I
15:39:16 14 gave you and turn it on me.

15:39:19 15 Q Why were you concerned that the SEC would view the
15:39:22 16 shares as yours?

15:39:24 17 A Hmm?

15:39:25 18 Q Why were you concerned that the SEC would view the
15:39:27 19 shares as yours?

15:39:29 20 A Why was I concerned? Because I was -- I was told
15:39:32 21 that in these kinds of transactions you have to be
15:39:36 22 very, very careful that the nonaffiliate shares go
15:39:39 23 from a nonaffiliate to a nonaffiliate, and that's
15:39:42 24 simply what I was trying to do. I wanted to make it
15:39:47 25 absolutely clear that I had not purchased the shares

15:39:49 1 on my own behalf and was reselling them on my own
15:39:53 2 behalf. This is simply the other side of the
15:40:07 3 transaction.
15:40:18 4 Q One of the things that you testified to earlier today
15:41:46 5 was that you -- you were unhappy, I think it's fair
15:41:54 6 to say, with Cory Dean and his firm?
15:41:57 7 A I was unhappy with?
15:41:59 8 Q You were unhappy with Cory Dean and his law firm?
15:42:02 9 A Yes, correct.
15:42:03 10 Q And one of the things you said was that you were
15:42:07 11 upset that funds hadn't been disbursed to the
15:42:14 12 shareholders of Sedona because Cory Dean wanted your
15:42:20 13 authorization to transfer the funds. Do you recall
15:42:22 14 that?
15:42:23 15 A That's right. And -- and -- can I answer that?
15:42:31 16 Q Yes.
15:42:32 17 A Yeah, okay. His reason was that I had physically
15:42:42 18 carried those share certificates to his office.
15:42:45 19 There were two -- two legal firms. One, Maitland &
15:42:49 20 Company, which acted for me, they received the share
15:42:53 21 certificates that were held by the affiliates, but
15:43:01 22 also in that bundle, when all of the documentation,
15:43:05 23 all of the due diligence stuff, the records of the
15:43:08 24 company, a couple of transfer cases, I wasn't about
15:43:11 25 to lack -- to pack those around town. However, there

15:43:17 1 was share certificates that were to go to Cory Dean,
15:43:22 2 who once again was acting for LOM, and I decided that
15:43:30 3 as Maitland & Company and DuMoulin Black are
15:43:37 4 virtually across the street from one another, I
15:43:39 5 decided I would just tuck them under my arm and drop
15:43:43 6 them off to DuMoulin Black and indeed take the
15:43:46 7 opportunity to meet Cory Dean, because I had not met
15:43:50 8 him before. When I returned from Mexico some time
15:43:54 9 later, I found that, number one, the disbursements
15:44:03 10 that are outlined in this document had not been made,
15:44:11 11 nor had the share certificates been -- been sent to
15:44:17 12 LOM. So I asked Mr. Dean what he thought he was
15:44:22 13 doing.

15:44:26 14 Q Okay.

15:44:29 15 A And he gave me some legal bafflegab.

15:44:33 16 Q What was the bafflegab? I'm sorry?

15:44:37 17 A The bafflegab was that I had delivered the shares to
15:44:41 18 him. Therefore, he couldn't take any action on them
15:44:48 19 without my permission, and my permission to do what
15:44:57 20 he wanted was not forthcoming. So I got a hold of
15:45:02 21 LOM and said, look, get the share certificates and
15:45:06 22 the money over to Maitland and Maitland will do the
15:45:09 23 distribution of the share certificates and the money
15:45:16 24 as was -- as it was contemplated.

15:45:21 25 Q Did you tell Brian Lines that the reason that you

15:45:24 1 were unhappy with Cory Dean was because Cory Dean
15:45:27 2 wanted to contact your shareholders directly?
15:45:32 3 A I -- yeah, I seem to recall something about that.
15:45:40 4 Q Did you --
15:45:41 5 A Did I mention that today? I --
15:45:44 6 Q I don't believe you've mentioned that today.
15:45:47 7 A No. Yeah, I -- I don't know. I don't know how
15:45:57 8 Mr. Dean makes his living, but it certainly isn't in
15:46:01 9 the securities business.
15:46:03 10 Q But did he want to contact the nonaffiliate
15:46:07 11 shareholders of Sedona directly and you -- and you
15:46:10 12 had an objection to that?
15:46:12 13 MR. HO: Objection.
15:46:14 14 THE WITNESS: No, no, no, I -- you know, I didn't say that. What I
15:46:18 15 said was that he had been sitting on the funds and on
15:46:23 16 the share certificates of Sedona, which -- well,
15:46:29 17 after the closing, and indeed he was sitting on the
15:46:34 18 funds and those shares for at least a week, maybe
15:46:37 19 two weeks. I was down in Mexico and came back. And
15:46:42 20 I might have -- I might have asked one of the
15:46:45 21 shareholders, did you get your money, and they
15:46:48 22 probably said no. And so I checked up on it, and
15:46:53 23 Cory was sitting on the money and the shares.
15:46:58 24 MR. WILLIAMS:
15:46:58 25 Q Okay. What I'm going to do now, Mr. Cooper, is play

17:25:34 1 as you have heard in your recordings, to the person
17:25:38 2 who was to give him instructions. Okay? Now,
17:25:41 3 whether there was a letter or not, I really can't
17:25:44 4 recall. This is going back a number of years. Okay?
17:25:50 5 Q Let me -- let me continue with the recording where
17:25:53 6 the specifics of the concern that you raise are
17:25:56 7 addressed.

16:27:24 8 (AUDIO RECORDING PLAYED)

17:26:25 9 MR. WILLIAMS:

17:26:26 10 Q Did Cory Dean write you a letter?

17:26:27 11 A Yeah, he --

17:26:28 12 Q In about January 2003?

17:26:29 13 A He -- he may well have done so.

17:26:32 14 Q Did you keep that letter?

17:26:35 15 MR. SMITH: Excuse me.

17:26:35 16 THE WITNESS: I -- I -- well, as a matter of fact, if it is that
17:26:39 17 kind of letter that evoked that kind of response from
17:26:42 18 me over the telephone, I probably put it in the
17:26:47 19 shredder.

17:26:47 20 MR. WILLIAMS:

17:26:48 21 Q Fair enough.

17:27:01 22 I think that I'm just about done, Mr. Cooper,
17:27:03 23 just maybe another couple of minutes.

17:27:10 24 Let me ask you to take a look at an exhibit
17:27:14 25 that's already been marked as Exhibit 35. And